Investment by LIC in Tobacco Companies

1034. SHRI K. B. KRISHNA MURTHY: Will the Minister of FINANCE be pleased to state:

(a) whether the Life Insurance Corporation of India has massive investments amounting to Rs. 1556 crores in India Tobacco Company;

(b) whether the Life Insurance Corporation has also an investment of Rs. 42.00 crores in Vazir Sultan Tobacco Company Ltd.;

(c) whether the investment by Life Insurance Corporation in tobacco companies are against the avowed policy of the Government; and

(d) what is the Government's reaction to these actions of LIC?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Life Insurance Corporation of India (LIC) has informed that the Book Value of their investment in India Tobacco Company (Now ITC Ltd.) as on 31st March, 2001 is Rs. 332.91 crores comprising Equity Shares of Rs. 287.91 crores and Debentures of Rs. 45 crores.

(b) The Book Value of LIC's investment in Vazir Sultan Tobacco Co. Ltd., (now VST Industries Ltd.) as on 31st March, 2001 is Rs. 5.45 crores comprising Equity Shares of Rs. 0.50 crores and Debentures of Rs. 4.95 crores.

(c) and (d) ITC is a diversified conglomerate having interest in Hotels, Packaging & Printing, Paperboard Manufacturing, Lifestyle Retail Store for Readymade Garments, Greeting Cards, Marine Products, Agro-Products, Information Technology, besides cigarettes & tobacco products, Investment decisions are taken by LIC according to the guidelines and policy laid down by the Board of Directors and its Investment Committee. They also have to conform to the provisions of the Insurance Act, 1938 and the IRDA (Investment) Regulations, 2000. The investments are based on commercial considerations and adequate returns to Policy holders.